

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission’s own motion,	)	
of the election by the Board of Directors of	)	
<b>THUMB ELECTRIC COOPERATIVE</b>	)	Case No. U-18167
to become member-regulated in accordance with	)	
2008 PA 167, MCL 460.34.	)	
_____	)	

At the November 22, 2016 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman  
Hon. Norman J. Saari, Commissioner  
Hon. Rachael A. Eubanks, Commissioner

**DETERMINATION**

On August 16, 2016, the Board of Directors of Thumb Electric Cooperative of Michigan (Thumb) adopted a resolution to become member-regulated in accordance with 2008 PA 167, MCL 460.31 *et seq.*, the Electric Cooperative Member-Regulation Act (the Act). By letter dated August 26, 2016, Thumb informed the Commission of the resolution.

“Member-regulation” means that the Board of Directors of Thumb is charged with establishing, maintaining, and applying all rates, charges, accounting standards, billing practices, and terms and conditions of service. MCL 460.32(f). Section 6(2) of the Act provides that:

Notwithstanding the provisions of this act, the commission shall retain jurisdiction and control over all member-regulated cooperatives for matters involving safety, interconnection, code of conduct . . . , customer choice including, but not limited to, the ability of customers to elect service from an alternative electric supplier . . . , and the member-regulated cooperative’s rates, terms, and conditions of service for customers electing service from an

alternative electrical supplier, service area, distribution performance standards, and quality of service, including interpretation of applicable commission rules and resolution of complaints and disputes, except any penalties pertaining to performance standards and quality of service shall be established by the cooperative's members . . . .

MCL 460.36(2). In addition, Section 9 of the Act provides that the Commission retains jurisdiction over certificates of need, and enforcement of Mich Admin Code, R 460.3411, which deals with areas served and line extensions. MCL 460.39(1).

On September 8, 2016, the Commission issued an order on its own motion to address the notification from Thumb. In so doing, the Commission directed Thumb to begin meetings with the Commission Staff (Staff) no later than September 20, 2016, to discuss issues related to the transition. On September 15, 2016, Thumb notified the Commission that it had contacted the Staff to schedule the meetings. In lieu of in-person meetings, the Staff and Thumb agreed to develop a mutually acceptable joint report in substantially the same form as the Staff Reports submitted for Cloverland Electric Cooperative, Midwest Energy Cooperative, Cherryland Electric Cooperative, Alger-Delta Co-operative Electric Association, Homeworks Tri-county Electric Cooperative, and Great Lakes Energy Cooperative. On October 31, 2016, Thumb filed the joint report.<sup>1</sup>

Upon careful examination of the joint report, the Commission is persuaded that Thumb has met all of the prerequisites for exercising authority over its rates, charges, accounting standards, billing practices, and terms and conditions of service as permitted by MCL 460.32(f).

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<sup>1</sup> The report provides that Thumb currently has the following cases pending with the Commission: (1) U-17677-R, which is a power supply cost recovery (PSCR) reconciliation/times interest earned ratio (TIER) ratemaking case; (2) U-18085, which is a renewable energy plan reconciliation case; (3) U-18026, which is an energy optimization plan case, as well as a renewable energy plan reconciliation; and (4) U-18097, which involves avoided cost determinations for Thumb. The Staff and Thumb agree that, similar to other cooperatives' cases, Thumb's Case Nos. U-18085, U-18026, and U-18097 should be dismissed on November 26, 2016. The Commission notes that a settlement agreement was approved for Case No. U-17677-R at the Commission's November 7, 2016 meeting.

MCL 460.34(4) specifies the procedures that the cooperative's Board of Directors must follow in order to trigger the cooperative's statutory right to act alone in certain specific rate-related activities. The Commission is persuaded that Thumb has complied with all notice requirements set forth in MCL 460.34(4). Accordingly, upon commencement of member-regulation to take place on November 26, 2016, the Commission will cease asserting any authority over the cooperative's right to determine its rates, charges, accounting standards, billing practices, and terms and conditions of service.

THEREFORE, IT IS DETERMINED that:

A. Thumb Electric Cooperative of Michigan has complied with the Commission's order to begin discussions with the Commission Staff no later than September 20, 2016.

B. The Commission Staff has reported to the Commission on the results of discussions with Thumb Electric Cooperative of Michigan regarding transition, no later than November 1, 2016.

C. The report establishes Thumb Electric Cooperative of Michigan's compliance with the requirements of MCL 460.34(a)-460.34(f) to become member-regulated effective November 26, 2016.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

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Sally A. Talberg, Chairman

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Norman J. Saari, Commissioner

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Rachael A. Eubanks, Commissioner

By its action of November 22, 2016.

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Kavita Kale, Executive Secretary